

281.655 Bond or insurance policy.

- (1) Before any certificate or permit will be issued or renewed, the applicant or holder of the certificate or permit shall file or shall have on file with the department an approved indemnifying bond or insurance policy issued by some surety company or insurance carrier authorized to transact business within the Commonwealth of Kentucky. The term of the bond or policy shall be continuous and shall remain in full force until canceled under proper notice. The bond or policy shall have attached thereto the state insurance endorsement. All bonds or policies required herein shall be issued in the name of the holder of the certificate or permit. In lieu of the bond or policy, the department, under appropriate regulations, may require the filing of an approved certificate of insurance, the term of which shall be continuous and shall remain in force and effect until canceled under proper notice.
- (2) The bond or policy required of a U-Drive-It or automobile utility trailer lessor shall provide public liability and property damage coverage when operated either by the lessee or lessor thereof or agents, servants, or employees of either.
- (3) All bonds or policies shall provide blanket coverage for all equipment operated pursuant to the certificate or permit.
- (4) Except as provided in subsection (12) of this section, the types and minimum amounts of insurance to be carried on each vehicle shall be as follows:

**MOTOR VEHICLES FOR THE TRANSPORTATION OF PERSONS,
INCLUDING U-DRIVE-ITS**

Capacity	Death of or Injury to Any One Person	Total Liability for Death of or Injury to Persons	Property Damage	
7 persons or less		\$10,000.00	\$20,000.00	\$5,000.00
8 to 16 inclusive		10,000.00	30,000.00	5,000.00
17 to 25 inclusive		10,000.00	40,000.00	5,000.00
26 or more	10,000.00	50,000.00	5,000.00	

**MOTOR VEHICLES FOR THE TRANSPORTATION OF PROPERTY,
INCLUDING U-DRIVE-ITS AND AUTOMOBILE UTILITY
TRAILERS**

Gross Weight	Death of or Injury to Any One Person	Total Liability for Death of or Injury to Persons	Property Damage	
18,000 lbs. or less		\$10,000.00	\$20,000.00	\$5,000.00
More than 18,000 lbs.		100,000.00	300,000.00	50,000.00

- (5) Any person, firm, or corporation operating or causing to be operated any vehicle for the transportation of petroleum or petroleum products in bulk in amounts less than ten thousand (10,000) pounds shall have the following types and minimum amount of insurance carried on each vehicle:

Death of or Injury	Total Liability for Death
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to Any One Person	of or Injury to Persons	Property Damage
\$100,000.00	\$300,000.00	\$50,000.00

- (6) Any person, firm, or corporation operating or causing to be operated any vehicle for the transportation of hazardous material as defined in KRS 174.405, except petroleum or petroleum products in bulk in amounts less than ten thousand (10,000) pounds, shall have on each vehicle single limits liability insurance coverage of not less than one million dollars (\$1,000,000) for all damages whether arising out of bodily injury or damage to property as a result of any one (1) accident or occurrence.
- (7) Before any Kentucky intrastate household goods motor carrier of property shall be issued a certificate or renewal of a certificate, the motor carrier shall file or have on file with the department an approved insurance policy or bond compensating shippers or consignees for loss or damage to property belonging to shippers or consignees and coming into possession of the carrier in connection with its transportation service:
 - (a) For loss of or damage to property carried on any one (1) motor vehicle in the amount of five thousand dollars (\$5,000); and
 - (b) For loss of or damage to or aggregate of losses or damages of or to property occurring at any one (1) time and place in the amount of ten thousand dollars (\$10,000).

The policy or bond shall have attached thereto the Kentucky cargo policy endorsement and shall be issued by some insurance or surety company authorized to transact business within the Commonwealth of Kentucky. The term of the bond or policy shall be continuous and shall remain in full force until canceled under proper notice. In lieu of the bond or policy, the department, under appropriate regulations, may require the filing of an approved certificate of insurance, the term of which shall be continuous and shall remain in force and effect until canceled under proper notice.

- (8) The department may by regulation require motor carriers for hire operating exclusively in interstate commerce to file proof of cargo insurance coverage in the form and in the amounts the commissioner deems advisable.
- (9) No insurance company or insurance carrier issuing any policy filed with the department, and no surety or obligor on any bond or contract filed with the department, shall be relieved from liability under the policy, bond, or contract until after the expiration of fifteen (15) days' notice to the department of an intention to cancel the policy, bond, or contract. A prior cancellation may be allowed in cases where one (1) policy, bond, or contract is substituted for another policy, bond, or contract if the substituted policy, bond, or contract is of force and effect at a time prior to the expiration of fifteen (15) days' notice to the department of an intention to cancel the policy, bond, or contract for which the additional policy, bond, or contract is being substituted. The acceptance of any notice of an intention to cancel any policy, bond, or contract or the cancellation of any policy, bond, or contract by the department, unless under the circumstances set forth, shall not relieve the

insurance company, insurance carrier, surety, or obligor of any liability that accrued prior to the effective date of the cancellation.

- (10) Upon the cancellation of any bond or insurance policy required by this section, all operating rights granted by the certificate or permit for which the bond or policy was filed, shall immediately cease, and the department may immediately require the cessation of all operations conducted under authority of the certificate or permit, and may require the surrender of all certificates, permits, licenses, and other evidence of a right to act as a motor carrier.
- (11) The department may exempt in whole or in part from the requirements of this section any person who applies for the exemption and shows to the satisfaction of the department that, by reason of the financial ability of the person applying, there is due assurance of the payment of all damages for which he may become liable as a result of the operation of any vehicle owned by him or operated under authority of his certificate or permit.
- (12) The minimum amounts of insurance to be carried on each taxicab shall be liability coverage of not less than twenty-five thousand dollars (\$25,000) for all damages arising out of bodily injury sustained by any one (1) person, and not less than fifty thousand dollars (\$50,000) for all damages arising out of bodily injury sustained by all persons injured as a result of any one (1) accident, plus liability coverage of not less than ten thousand dollars (\$10,000) for all damages arising out of damage to or destruction of property, including the loss of use thereof, as a result of any one (1) accident arising out of ownership, maintenance, use, loading, or unloading of the insured vehicle.
- (13) The provisions of this section notwithstanding, the Secretary of Transportation may adopt, incorporate by reference, or set forth in its entirety the provisions of Title 49, United States Code of Federal Regulations, Part 387, relating to the levels of financial responsibility for motor carriers, in effect as of July 13, 1990, or as amended after that date, with respect to any motor carrier operating in Kentucky.

Effective: July 15, 1996

History: Amended 1996 Ky. Acts ch. 174, sec. 9, effective July 15, 1996. -- Amended 1990 Ky. Acts ch. 80, sec. 1, effective July 13, 1990; and ch. 466, sec. 4, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 4, sec. 1, effective July 15, 1988; and ch. 73, sec. 1, effective July 15, 1988. -- Amended 1980 Ky. Acts ch. 384, sec. 8, effective July 15, 1980. -- Amended 1978 Ky. Acts ch. 317, sec. 1, effective June 17, 1978. -- Amended 1974 Ky. Acts ch. 74, Art. IV, sec. 20(2). -- Amended 1966 Ky. Acts ch. 139, sec. 27. -- Amended 1960 Ky. Acts ch. 139, sec. 7. -- Amended 1956 (2nd Extra. Sess.) Ky. Acts ch. 7, sec. 5. -- Amended 1954 Ky. Acts ch. 63, sec. 1. -- Amended 1952 Ky. Acts ch. 19, sec. 2. -- Created 1950 Ky. Acts ch. 63, sec. 18, effective June 15, 1950.